

5 AUG 1959

Honorable Tom Murray, Chairman
House Post Office and Civil Service
Committee
House of Representatives
Washington 25, D. C.

Dear Mr. Murray:

On 29 July 1959 Mr. Dulles indicated that as suggested in your letter of 23 July I would contact Mr. Frederick C. Belen, Chief Counsel of the Committee, regarding the Committee's hearings on S. 2162 and similar House bills to provide a health insurance program for Federal employees. I have discussed briefly with Mr. Belen the Agency's health insurance program as it relates to the proposed legislation. I believe this letter will provide further information as well as several suggestions for the Committee's consideration.

As you know, our Agency faces certain security problems in conforming to general legislation providing employee benefits. We are, for instance, precluded from adhering to any procedures which require the disclosure of the names, number or location of our employees. This prohibition arises out of the mandate to the Director of Central Intelligence under section 102 (d)(3) of the National Security Act to protect intelligence sources and methods and the exemption in section 6 of the Central Intelligence Agency Act from any provision of law requiring such disclosures. To avoid security breaches in remitting premiums and settling claims, this Agency established a hospitalization insurance program which could be administered within the Agency in conformity with Agency security requirements. This program has operated successfully in various forms through an organization of Agency employees since 1943. [redacted] was paid in health insurance claims last year under this program.

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It is important to the operation of this Agency that, in any health insurance legislation which may be enacted, provisions be included which would permit the Central Intelligence Agency to make appropriate arrangements with the Civil Service Commission concerning the administration of the Agency's health insurance program. While we do not wish to obtain an exemption from this legislation, it is imperative that the Agency have sufficient latitude to resolve its security problems within the general framework of the bill.

We have discussed the Agency's security requirements with representatives of the Civil Service Commission who feel that S. 2162 and the similar House bills do not provide such latitude. They have suggested that section 4 of S. 2162 or similar House bills be amended to add a subsection (5) which would read:

(5) Central Intelligence Agency Plans - Group plans for employees of the Central Intelligence Agency.

Similarly, section 5 should also be amended to add a subsection (5) to read:

(5) Central Intelligence Agency Plans - Benefits of the type specified in this subsection under paragraph (1) or (2).

This Agency is in agreement with the Commission's recommendation or any similar amendment and we shall be pleased to make appropriate representations to the Committee to this effect. Accordingly, it is requested that the Committee give favorable consideration to this recommendation based on the above.

Sincerely,

John S. Warner
Legislative Counsel

cc: Bureau of the Budget
Executive Office Building
Washington 25, D. C.